



Citizens' Bond Oversight Committee

Draft Meeting Minutes

March 7, 2023, 3:30 – 5:00 p.m.

Meeting In-Person and via Zoom

45524 Oasis Street, Indio, CA

1. Opening Items (Diane Rubin, committee chair)

Call to Order at 3:30 p.m.

Roll Call of Members

Members Present in-person

- Becky Broughton, Business Representative
- Kelly Merchant, Student Representative
- Diane M. Rubin, CPA, Chair, Support Organization Representative

Members Present by video

- James Dietrich, Senior Citizen Group Representative
- Michael Monachino, Vice Chair, Member-at-Large, West Valley Representative
- Ernesto Rios, Member-at-Large, East Valley Representative
- Rick Seeley, Taxpayers Association Representative

Welcome, and Acknowledgement of District Representatives in Attendance was conducted by Diane Rubin.

Others Present

- Rachel Green, Sr. Audit Manager, Eide Bailly, LLC (by video)
- Scott Adkins, Center Director – West Valley
- Joel Kinnamon, Trustee Liaison
- John White, Exec. Director – Bond Program & Facilities Planning
- Mac McGinnis, MAAS Companies, Inc.

2. Agenda Review (Rubin)

Confirmation of the Agenda for March 7, 2023.

Motion/Second: Rios/Monachino. Passed unanimously.

3. Public Comment (Rubin)

No requests for public comment.

4. Action Items (Rubin)

Approval of December 6, 2022 Meeting Minutes

Motion/Second: Broughton/Monachino. Passed unanimously.

Approval of FY 2021-22 Annual Report

Motion/Second: Monachino/Seeley. Passed unanimously.

5. Presentation/Review of Annual Independent Performance + Financial Audit Measures B and CC by Eide Bailly LLP

Rachel Green, Sr. Audit Manager, Eide Bailly, LLC, presented. By background, Rubin referenced language from SB 423 Ch. 237, Amended

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Section 15-286, that requires independent financial audits. At College of the Desert, reporting for the previous year is submitted to the Citizens' Bond Committee by March 31. This year, all COD audits were approved by the Board of Trustees on February 16, 2023.

Rubin requested comments from the auditor, including:

- overall opinions regarding the financial and performance audits
- scope of testing and procedures followed
- any findings or questioned cost.
- language in the communication letter to the District on page three titled uncorrected misstatements, specifically "an overstatement due to other funds," and
- discussion of inter-fund activity, and is it occurring?

Measure CC Financial Audit

Ms. Green indicated that page one includes the independent auditor's opinion for the prior year's financial statements, fund balances, and activities separate from the performance report for the year ending June 30, 2022. The Measure CC general obligation bond conclusion was a "clean" opinion, also known as an unmodified opinion. No significant audit adjustments or qualifications were needed. According to Green, it is the highest assurance level that an auditor can issue. The basis and emphasis of the matter are detailed in the auditor's report.

The balance sheet (assets and liabilities) for Measure CC was shared with the committee, and an overview was provided. The information also appears on the committee's public web pages. Rubin inquired if "due to other funds" are incorporated in the accounts payable. The auditor addressed the question by explaining the language "due to other funds uncorrected misstatement." She indicated that it was due to a reversal of a prior year's uncorrected misstatement. She stated that "the effect of these uncorrected misstatements, including the effect of the reversal of a prior year misstatement" is where the "due to funds" phrase appears. She referred to the 2021 governance letter. She described an understatement of the due to the other funds. An understatement in 2021 means an overstatement in 2022, which must be referenced in financial reports for years.

The Chair inquired about the bond inter-fund activity (appropriateness). The auditor stated that it was not necessarily comingling of funds, and details in the audit data binder would be available for examination. The auditor also indicated in response to a question from a committee member that the event was isolated, although she did not know if one or more transactions were involved. The Chair stated she would follow up with the District and the documentation for 2021 to ensure that the District is not going against the procedure.

The financial statement audit findings were “none.” In conclusion, the financial practices for Measure “CC” bond funds complied with generally accepted accounting procedures. There were no findings for the prior year either.

Measure CC Performance Audit

This is the independent auditor’s report addressing compliance with Prop. 39 to determine if all charges were proper for listed projects in the bond measure and to be able to provide assurance regarding appropriate salary transactions and use under California state law. Green indicated that an additional explanation is provided in the scope of audit section of the report. It includes transactions from July 1, 2021, through June 30, 2022. Expenditures charged to Measure CC with 81% (\$11.3 million out of \$14.0 million) of total expenses were reviewed as a significant percentage of total spending. The review included invoices and supporting documentation, bidding documents as applicable, purchase orders, contracts, and salary data. Green stated that the District properly accounted for its bond funds and salaries in all significant respects. Bond funds were used for authorized bond projects only. The result is considered a “clean” performance opinion.

Measure B Financial Statement Opinion

The total value of Measure B is smaller and older than Measure CC. Like Measure CC, this independent auditor report had no findings and issued

an unmodified opinion, considered a “clean audit.” There was no performance audit because no expenditures in the bond fund during the fiscal year reviewed. Green indicated there were no findings for 2022 or the prior year.

Committee members recommended that the Committee Chair communicate to the District that in reviewing and considering the audit, there is interest in getting additional information and an explanation regarding fund transfer procedures and how inter-fund activity would be handled if it occurred. Mr. White volunteered to work with the Chair to request information from the District.

6. Information/Discussion (Rubin)

Capital Projects Update

The power-point presentation opened with an aerial view of the five locations within the District where design and construction are active. Mac McGinnis provided an update for each high-interest project from MAAS companies, including project description, location, size, budget, and schedule information.

- **Athletic Stadium and Fields:** This is a 390,000 total indoor and outdoor square feet project that replaces an existing stadium and small structures with a 20,000 s.f., a new stadium, training, and weight rooms, locker rooms, laundry facilities, offices, support areas, soccer and football fields

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completing in Fall 2024. The total project is about \$36 million, starting in Fall 2022.

- Palm Springs Development Project: there is a new Board direction looking at scope, schedule, and budget, with an update expected during April 2023. The additional work includes improving on prior plans and adjusting them. The delay is likely four to five months. The cost impact is unknown, but there will be an update in time for the next Board of Trustees meeting, and additional funding is expected to be provided to match the scope of work.
- Roadrunner Motors in Cathedral City: the project constructs a new 26,000 s.f. building on 5.8 acres to accommodate the automobile technology program with classroom space, teaching labs, auto and service bays, offices, and support space. The total budget is about \$37.7 million. The project is expected to be completed during the winter of 2025.
- Science Building Renovation project: includes 50% State funding. The project is a remodel of the existing 5,000 square feet class laboratory building that will provide modernized teaching laboratories and enhance seismic performance. The District expects completion in February 2025.
- Chelsea Property, Tenant Improvement project, is complete. The leased space is about 1,300 square feet designed to accommodate student

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support services in downtown Coachella near the teaching space in the Coachella Library, which is close by.

- Indio Center Expansion is a project (67,000 square feet) with a budget of about \$74 million and is on a short pause due to the failure of the steel contractor. A project schedule recovery plan is in place, and a new steel contractor is on Board. The project will provide teaching and learning space, student services, and a dining component. The project started design in 2021. A new schedule will be created. In response to a question, John White answered that the expanded Indio facilities increased student served from about 2,500 students to 5,000 students.
- Indio Center's renovated space (10,000 s.f.) includes improved teaching and operational area and adds study space, and is linked to the Indio expansion project (new construction). The schedule will be adjusted as it is tied to the completion of the new building.
- The Indio Child Development Center project will construct about 18,000 s.f., a new facility, a 7,000 outdoor play yard with shade structures, and preschool and toddler classrooms and support space. On target for completion during late 2023.

The capital projects update lists active and completed projects and their costs. The entire project is published on the committee's public website.

Ernie Rios inquired if there were updates regarding the Thermal instructional site and possible Coachella Valley Water District funding from infrastructure improvements. Mr. McGinnis stated that the District does not have knowledge of CVWD funding that could be applied to improving COD Mecca/Thermal facilities, precisely to convert septic tanks to connected sewer infrastructure. Mr. McGinnis invited Mr. Rios to forward information or the contact person's name at CVWD if possible so that the District could follow up.

Rios inquired if the increased costs of PSDP mean taking away resources from other projects. Mr. McGuinness responded no because each project has a discrete budget, and allocations between projects are not allowed.

COD Board of Trustees Resolution to Conduct Comprehensive Forensic Audits

Rubin reviewed the recent resolution passed by the Board of Trustees asking for a comprehensive forensic audit. She also studied the charge to the committee, which includes the responsibility as described in the education code and the California Constitution to inform the public regarding expenditures of bond revenues, their proper use, and prompting alerting the public of any waste or improper expenditure of school bond money and must conduct an independent bond audit for review and reporting to the public.

The Board resolution calls for a forensic audit investigating each construction contract for the past 5 – 8 years to determine if the price was, to review consulting agreements, and a review the IT systems concerning efficiency. The committee is responsible for checking the audits involving bond funds and reporting to the public.

Diane Rubin stated that forensic audits are generally done for legal proceedings or when you need evidence to support something in a court of law or some other type of legal proceeding. Rubin said that she has confirmation that bond funds will not be spent on the forensic audit(s).

Rubin reminded committee members that they could use BoardDocs to monitor contracts before the Board for approval, such as the auditor's scope of work and costs.

She stated that regarding steps of a forensic auditor and the schedule to complete a forensic audit are unknown. Rubin mentioned that it would also depend upon what the auditor finds to determine how long an audit will take. Rubin commented that if the current Bond Fund audits typically review 81% of transactions (contract dollars), she hopes the new audits will not repeat audits already conducted. She hopes there will be a scope allowance not to repeat what has already been audited. This committee wants to know what is found, which is why the item is on the agenda today.

7. Other Business (Rubin)

Ethics Statement

The ethics statement/conflict of interest form is now available to be signed by committee members. Please present the signed form to John White for record keeping. The form will be signed by members on an annual basis.

Member Reports and Comments

Rubin reported the Board approved the bylaws changes of Trustees during January 2023. Audit results were provided to the committee in time for its annual deadline of March 2023. The presentation of audits to the Board addressed the operating budget primarily. Diane Rubin volunteered to attend a Board of Trustee meeting once a year to share who the committee members are and review the results of the annual audits and the annual report.

8. Future Agenda Topics (Rubin)

- Interfund borrowing follow-up.
- A review of the bid process for individual projects: how bids are taken and companies selected. MAAS has been asked to provide this information. The committee will invite MAAS to the next meeting to review the bidding process. Each project has different characteristics on how it will be bid.
- A presentation regarding Deferred Maintenance proposals or plans prepared by the District: bond funds can be used for deferred maintenance.

9. Questions for the District (Rubin)

- Are you aware of any Bond proceeds expended for purposes other than those outlined in Measure B or Measure CC?

John White answered “no” for the District

- Are you aware of any Bond proceeds expended for any college teacher or administrative salaries or operating expenses?

John White answered “no” for the District.

10. Adjournment (Rubin)

Adjournment at 4:30 p.m.

Next Meeting

Tuesday, May 9, 2023, Palm Desert